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Attorneys for Bonner County

UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

In re:)	Bankruptcy Case No. 02-20218
)	
FRANK L. CHAPIN and)	
SYDNEY L. GUTIERREZ-CHAPIN,)	OBJECTION TO PLAN OF
)	REORGANIZATION AND MOTION TO
)	DETERMINE SECURED STATUS
Debtor.)	PURSUANT TO SECTION 506 AND
)	NOTICE OF HEARING

COMES NOW, Bonner County, a political subdivision of the State of Idaho, by and through its undersigned attorney of record, Gery W. Edson, and pursuant to 11 U.S.C. §506(b), §502, FRBP 3012, 3018 and LBR 303.1 and 9014.1, hereby objects to the proposed treatment of Bonner County's secured claim in the Debtors' Plan of Reorganization filed with this Court January 3, 2003, and further moves for a determination that Bonner County's claim is a fully secured claim pursuant to 11 U.S.C. §506(b) and as such is entitled to payment of interest at the statutory rate as determined by Idaho law. Bonner County represents the following to the Court in support of its Objection and Motion:

1. The above named Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on February 22, 2002.

97

2. That creditor Fredrick A. Leaf, in conjunction with the Debtor, has filed a proposed Plan of Reorganization which, among other things, proposes a treatment of Bonner County's secured claim inconsistent with 11 U.S.C. §1129(a)(7) and §1129(b)(2)(A).

3. The Plan provides for Bonner County's claim at Section 6.2.3 as a Class 1b claim. According to language of the Plan, Bonner County's claim is not "impaired." However, Section 6.2.2 of Creditor's Plan proposes to pay interest on secured claims only at the federal judgment interest rate. Such treatment is inconsistent with Idaho law, wherein county tax liens have a first and senior claim against real property and, are entitled to interest at the rate of 1% per month or 12% per annum pursuant to Idaho Code §63-1001.

4. The proposed treatment of Bonner County's claim by paying interest only at the federal judgment interest rate, is inconsistent with Idaho law and violates 11 U.S.C. §506(b).

5. Treatment of Bonner County's claim is not clearly defined in the Plan. Pursuant to Section 6.1.5 of the Plan, allowed tax claims of governmental units are to be paid by one of four alternative dates, the last of which is, "the date when the Trust has adequate assets with which to make payment of such allowed claim." Again, the Plan proposes paying interest on these claims as tied to the federal judgment rate in effect as of the effective date, as opposed to Idaho Code §63-1001.

6. Bonner County was the first creditor to file a **secured** claim in this case in the amount of \$4,649.12. Neither the Debtor nor any creditor has objected to Bonner County's Proof of Claim designated as a secured creditor.

7. Referring to the Plan, Section 2.3, Bonner County holds an allowed secured claim pursuant to §506 of the Bankruptcy Code.

8. Bonner County holds a "secured" claim which is a first and prior lien to all other

claims on the real property of the Debtors as indicated in its Proof of Claim, and has a value far in excess of Bonner County's secured lien, therefore it is entitled to interest at the statutory rate as determined by Idaho Code §63-1001 and 11 U.S.C. §506(b).

WHEREFORE, Bonner County prays for hearing on its Motion to Determine Secured Status and for the allowance of statutory interest and objects to Creditor's proposed treatment of Bonner County's claim as set forth in Section 6.2.3 of Creditor's Plan.

NOTICE OF HEARING

Notice is hereby given that hearing on Bonner County's Motion to Determine Secured Status will be held the 13th day of May, 2003, at the hour of 9:30 a.m., at the United States Bankruptcy Court for the District of Idaho, 205 N. 4th Street, 2nd Floor, Coeur d'Alene, Idaho.

Dated this 15th day of April, 2003.

GERY W. EDSON, P.A.,

By 
Gery W. Edson
Attorney for Bonner County

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of April, 2003 I caused to be served a true and correct copy of the foregoing to the following parties and by the method(s) indicated below:

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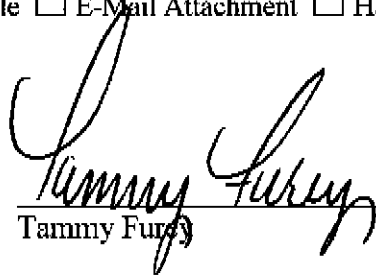
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Tammy Furey